

June 2, 2005

PROJECT NARATIVE: Fairmont Scottsdale Princess Mixed-Use Project

NOTE: This request is for the abandonment of the R.O.W. for Cottage (Casita) Terrace & Hacienda Way within Tracts 1,2 & 26 as shown on State Land Plat #16 Core South as recorded in Book 324, Page 50 MCR and Docket 92 268824.

Land Use and Phasing

The total Project encompasses the approximately 35.5 acre State Land tract immediately west of the existing Fairmont Scottsdale Princess Resort to Scottsdale Road and the Federal Land parcel that is a part of the CAP Canal. The southern border is the TPC Golf Course the northern is Princess Boulevard.

The multi-phased Project consists of uses allowed within the C-2/PCD category and entitlement approval; professional office, retail, restaurant and senior living facility (although the senior living use requires a special use permit); all support and interact with the existing resort. The project shall be phased as follows:

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| Phase One | Retail and Office Buildings |
| Phase Two | Restaurant (to be an improved pad in Phase One, requires separate DRB submittal and approval) |
| Phase Three | Senior Living Facility (requires separate DRB submittal and approval) |

Phase One of the project (office and retail) and Phase Two (restaurant) are located at the northern boundary of the property on approximately 8.5 acres. Phase Three, the senior living project, is on the remaining approximately 25.5 acres to the south (the balance of the site).

The western most building of Phase One is an approximately 48,000 SF corporate office headquarters for The Mercer Institute – a financial and professional services company working with dentists around the country and the world. It is connected via a second level bridge to the eastern building, which is made up of two, two-story connected buildings of approximately 52,000 SF total. An improved pad is located at the easternmost part of the 8.5 acre site for the Phase Two approximately 9,000 SF freestanding restaurant - a total of approximately 109,000 SF (Phase One and Two combined).

Phase One and Two will include the abandonment of the Right-of-Way for Cottage (Casita) Terrace and Hacienda Way. As the current R.O.W. provides vehicular access to Casas on the Princess property, the design will provide and ingress/egress easement for Emergency Vehicle Access per the exhibits attached to this submittal. This Easement is subject to relocation during Phase Three of the project. Phase Three, in conjunction with any future development at the Princess Resort that the easement is serving will incorporate ingress/egress easements as required.

Planning

The Project is designed to be an "extension" of the resort environment; hardscape, landscape, lighting, pedestrian and vehicular circulation are thoughtfully considered to reflect and embrace the resort. The visual and physical connectivity of the buildings and the individual "sites" is paramount to the success of the combined whole and is further supported via the design of the buildings (refer to the "Design" section below).

Of note is that the Mercer Institute incorporates significant meetings space for conference attendees within its building, all of whom will use the resort as a base of operations and for accommodation (a primary reason for the Institute to locate here – the Fairmont Scottsdale Princess Resort and Mercer have a long and mutually beneficial history). Easy and enjoyable pedestrian / guest access between the resort and the project is critical to this relationship (as it will be with the Senior Living Facility).

The seamless quality of the walkways and landscaping, the use of feature elements (fountains, low walls, screening, etc.) throughout support the resort character that exists and will extend to and encompass the newer construction.

Design

Phase One of the Project (office and retail buildings) is purposefully designed to be virtually the same as the existing resort. Proportion and rhythm, shape and form, materials, colors and detailing are based on the resort design – and are, in fact, copied to a large extent (as will be the Phase Two Restaurant).

Phases One and Two of the project will extend the resort design to Scottsdale Road via the literal expansion of the look and feeling of the resort and its environment. Varied building heights with feature elements (exterior stairs, mechanical units located within tower components, projected balconies, trellises, etc.) support the rhythm of the design. The "layering" of the exterior skin of the building reflects the very successful existing resort design and provides solar screening in many locations.

Upon completion this project will begin to "close the gap" between the resort and its primary entry at Scottsdale Road and Princess Drive. With Phase One and Two carefully reflecting the design of the existing resort, the resort will begin at the turn off of Scottsdale Road.

Anticipated future improvement of the resort parcel immediately east of the 35.5 acre site and north of the existing resort (currently one of the resorts parking lots and an undeveloped dirt area) will complete the entrance sequence and further enhance and support the arrival experience.

